

Lowering Premium Tax Through Job Growth in Rhode Island

The Rhode Island General Assembly amended Section 44-17-1 of the General Laws entitled “Taxation of Insurance Companies” to provide a methodology by which Premium Tax could be reduced if “qualifying insurers” add at least 350 new qualifying jobs in Rhode Island. The reduced premium tax rate will apply to all companies writing business in Rhode Island. A reduced tax rate would provide retaliatory premium tax relief for insurance companies domiciled in RI. This amendment would allow the Premium Tax to be reduced to as low as 1%.

In order to gather the appropriate information to allow the Rhode Island Insurance Division and the Rhode Island Department of Revenue to accurately calculate the qualifying jobs growth in Rhode Island, all qualifying insurers (defined below) are required to complete the attached Excel spreadsheet and submit it electronically to: [Joseph.Rapczak@dbri.gov](mailto:Joseph.Rapczak@dbri.gov). The filing due date for this spreadsheet is **April 1**. Any qualifying insurer with no qualifying employees to report in 2016 or 2015 is still required to submit an email identifying its lack of qualifying employees in either of those years. This filing must still be made by **April 1**.

A “Qualifying Insurer” means every domestic, foreign, or alien insurance company, mutual association, organization, or other insurer but excludes: Health Maintenance Organizations (as defined in § 27-41-2); Nonprofit Dental Service Corporations (as defined in § 27-20.1-2); and Nonprofit Hospital or Medical Service Corporations (as defined in §§ 27-19-1 and 27-20-1).

A “Qualifying Employee” means any employee that was issued a Rhode Island W-2, worked at least **35 hours** per week **AND** earned at least **\$18.77 per hour in 2016** or **\$18.43 per hour in 2015**. A “Qualifying Employee” also includes employees that received a Rhode Island W-2 who received commissions and whose total compensation averaged at least **\$656.95** per week in 2016 or **\$645.05** per week in 2015, regardless of their hours worked.

Any questions relating to these instructions should be directed to Joseph Rapczak by e-mail at [Joseph.Rapczak@dbri.gov](mailto:Joseph.Rapczak@dbri.gov) or by phone at (401) 462-9657.

**Spreadsheet Instructions:**

**Column 1:** Enter the NAIC Company Code (if applicable) for each company listed in Column 2.

**Column 2:** Enter the name of the Company, its subsidiaries, affiliates and any service companies within the holding company structure that had any Rhode Island employees (including both Qualified Employees and others). If the company filing the annual statement had employees in Rhode Island that were employed by other entities within their holding company structure, those employees could be Qualifying Employees as long as they meet the definition provided above.

**Column 3:** Enter the Federal Employers Identification Number (FEIN) for each entity within the holding company system that had Rhode Island employees in 2015 and/or 2016. This information will be used by the Rhode Island Department of Revenue to verify the W-2 information for the Rhode Island employees.

## **NOTE P**

**Columns 4 and 8:** Enter the **total** Personal Income Tax (PIT) withholdings for **all** W-2 employees in the state of RI for years 2016 (Col. 4) and 2015 (Col. 8). This amount should reconcile to the amount reported on Form RI W-3 for each year.

**Columns 5 and 9:** Enter the total number of employees that were issued a W-2 for wages earned in RI for years 2016 (Col. 5) and 2015 (Col. 9). This amount should equal the total number of RI W-2s that were filed with the RI Division of Taxation.

**Columns 6 and 10:** Enter the total number of “Qualifying Employees” as defined above, for years 2016 (Col. 6) and 2015 (Col. 10).

**Columns 7 and 11:** Enter the total Personal Income Tax withholdings for all “Qualifying Employees” for years 2016 (Col. 7) and 2015 (Col. 11).